LETTERS

The Editor, The Economic Review, P O Box 40894, Nairobi. E-Mail: econrev@users.africaonline.co.ke

Correction, KPTC

WE refer to the penultimate paragraph of Mr Mutua Muthusi's letter in *The Economic Review* of January 13-19, in which he says: "This is correct, but only forms part of the story. You deliberately avoided the most important part of the story, which is that the court ruled that KPTC (Kenya Posts and Telecommunications) actually has legal authority to levy this charge and the case was dismissed on that note."

Muthusi has conveniently overlooked the fact that the judge also noted that the KPTC case should never have come to court, indeed, would not have done so had KPTC responded to correspondence and not "dared" us to take the matter to court. All costs were therefore awarded against KPTC.

This matter was only taken to court as a result of KPTC's intransigence to enquiries as to what they intended to do in recognition of Justice Bosire's earlier ruling in the Ramesh Manek vs Kenya Posts & Telecommunications Corporation (HCCC No. 862 of 1993), in which the court declared that the standing charge cannot be justifiable in any way whatsoever. This charge is only a small individual charge per line, but totals nearly Sh80 million per month to the KPTC – a figure we considered well worth disputing on behalf of our membership.

We note that the KPTC has now advertised that the former standing charge is now to be known as access charge, but this change has been arbitrarily invoked without any attempt, yet again, to explain to the public what is actually going on. Maybe the KPTC would like to remedy this oversight?

M J C Mills
Vice-chairman
Karen & Lang'ata District Association
Nairobi

Russian Roulette

I am concerned about the machinations of a Machiavellian Kenyan politician, who is constantly on the drawing board perfecting the time-honoured game of divide and rule. Well-informed, well-connected and rich, the man's schemes are suceeding, and by the time the next general elections are called, will have sponsored several opposition presidential candidates as spoilers, thus scattering the opposition's presidential hopes.

But this master planner has failed to foresee the danger to which he is exposing the country by creating false hopes in small-minded and chauvinistic tin-gods who will probably sweep all the parliamentary seats in their ethnic backyards, only to be denied the ultimate prize. And when these tribal nonentities realise that their combined vote will not get them to State House, fresh political bickering will start.

However, if Kanu does not secure 25 percent of the votes in five provinces, there will be chaos. And if the ruling party wins in four provinces only – most likely Rift Valley, Coast, North Eastern and Eastern – there will be a runoff between the Kanu presidential candidate and the leading opposition candidate. The Kanu candidate will be hit by the total opposition votes and the party will be routed. Unfortunately, presently, the opposition has no alternative agenda for the country. It is too fragmented to take over the next government. We must find quick solutions to these problems, in the interests of peace and stability.

Kenneth B Gitobu
Nairobi

This Is Exploitation

A financial scandal of massive magnitude is simmering in the banking sector in religiously guarded secrecy.

The European Investment Bank (EIB) has pumped funds into our Central Bank with the noble objective of lending soft capital to small-scale agro-based Kenyan businesses in its quest to boost the economic status of Kenyans and alleviate poverty. According to impeccable sources, the EIB lends funds to the Central Bank of Kenya (CBK) at an interest rate of two percent. CBK then lends the money to commercial banks at six percent interest. However, the exploitative interest charged by these commercial banks negates the initial aim of the funds.

Sanity and fiscal discipline dictates that banks and other financial institutions charge their customers reasonable and justifiable interests. What our commercial banks are doing cannot be justified.

Ken Wafula
Eldoret

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EIB Funds

WE refer to a letter by Mr Ken Wafula of Eldoret published in *The Economic Review* of January 27-February 2, 1997 concerning what he calls a massive financial scandal in the banking sector. For his information, and that of the general public, we wish to advise as follows:

1. The European Investment Bank (EIB) lends its funds to the Kenya government (under the Global Private Enterprise Scheme) at three percent p.a. The funds are either borrowed in dollars or Kenya shillings, depending on the project to be financed.

2. The Central Bank, acting as agent of the government, lends the funds to financial institutions approved by EIB at an average of six percent for dollar funds and 18.5 percent for the shilling funds. The rates vary according to developments in dollar lending rates in the Euro-market (for dollar funds) and treasury bills and bank deposit rates (for shilling funds). The dollar lending rates are advised by EIB, while the shilling rates are computed by the Central Bank.

3. The interest rates charged by commercial banks when on-lending to the final borrowers are negotiated between the two parties. Currently, the banks lend dollar funds at 12 percent p.a. and shilling funds at an average of 24 percent.

4. The margin enjoyed by commercial banks when on-lending EIB funds is about 6 percentage points on both dollar and shilling funds. This compares with margins of over 15 percentage points enjoyed by banks on non-EIB lendings. The margins in both instances are high and the Central Bank has consistently urged commercial banks to lower them.

Wafula should note, in view of the above, that there are no "religiously guarded" secrets regarding the current lending of EIB funds.

S K Anzagi
Central Bank of Kenya

Won't Go Home

I'M surprised to see how many Kenyans are in America. And considering that only a small percent (probably 10 percent) are not professionals, makes one wonder who is left to develop Kenya. I have visited more than 20 states in America and met hundreds of Kenyans, predominantly Kikuyus, with degrees which Kenya seriously requires to develop. But most of them are holding good jobs here with salaries far above what most equally qualified Kenyans earn back home. Very few of them are willing to return as nobody wants to start hunting for a job with no guarantee of getting one. Also, the issue of insecurity is a thing of concern to them. We read every day about thieves attacking and killing people at an alarming rate.

The government should act to save the situation. Provide more security, liberalise the economy, attract more investors, and Kenyans will come back and help build the nation.

Simon Kibe
Boston, MA, USA

Open Letter to Prof Jonathan Ng'eno

THIS is to highlight the deplorable condition of the Nakuru-Mau Narok road, which has become a nightmare to commuters, farmers, businesses, students and staff of institutions of learning situated along the said road.

The vehicles that used to ply the road have been steadily withdrawn by their owners as it has been reduced to an impassable, dusty and pot-holed stretch. Stranded pupils on their way to or from school are a common sight, waiting for vehicles whose numbers have steadily dwindled. Dairy farmers, Kokoto Company and the dairy unit of the Rift Valley Institute of Technology (RVIT) have incurred big losses as a result of spillage of milk during transportation to the Nakuru Kenya Cooperative Creameries (KCC) depot, while farmers often have their milk rejected at the depot because of rancidity resulting from delayed delivery. Mortality rates in livestock have also increased as motorists use new tracks beside the original road, knocking down grazing livestock.

Apart from the fact that the area is among the most agriculturally productive, it also hosts several government institutions of higher learning, including the Njoro campus of Egerton University, RVIT and the Kenya Agricultural Research Institute (Kari). There is also the giant Njoro Canning Factory and barley farms owned by the Kenya Breweries. Travelling along the road is a sure way of contracting all sorts of diseases from the huge clouds of dust raised and the decomposing carcasses of animals run over by vehicles. Immediate action is called for so that the people can enjoy their indisputable right to a[n] all-season road.

Suba Churchill Meshac[k]
Egerton Universit[y]
Njor[o]

Torture Complaint

THE attorney-general, M[r] Amos Wako, should apply t[o] the High Court in Mombasa, i[n] the case filed by Mess[rs] Mahamud Yusuf Haji an[d] Benson Atandi Suleiman, f[or] committal to jail of provinci[al] commissioner, Mr Yusuf Haj[i] and four administratio[n] policemen believed to hav[e] tortured Mahamud in an attem[pt] to force him to withdraw h[is] suit against the ruling party top officials.

Under section 5 of th[e] Judicature Act, the use of threa[t] by letter or torture of [a] otherwise to a party whilst a su[it] is pending to force him [to] withdraw it, or to threat[en] potential witnesses so that th[ey] do not testify, is contempt [of] court known as perverting th[e] course of justice, and leads [to] imprisonment or fin[e]. Mahamud was alleged[ly] handcuffed, made to lie on h[is] stomach and lashed with leath[er] whips a whole afternoon so th[at] he may withdraw a suit in whic[h] senior members of Kanu a[re] parties.

As the cases of Prof Wanga[ri] Maathai in 1981 and that of *Th[e] People*, Bedan Mbugua, Dav[id] Makali and G B M Kariuki [in] 1994 show, when crimin[al] contempt is committed in a su[it] pending either in the High Cou[rt] or the Court of Appeal, th[e] practice is that the attorne[y-] general applies to that court f[or] the committal to jail of th[e] alleged contemnor. Wako an[d] the commissioner of poli[ce]